

**United States Environmental Protection Agency
Criminal Investigation Division
Investigative Activity Report**

Case Number

0506-0026

Case Title:

Ferguson Enterprises Inc.

Reporting Office:

Detroit, MI, Resident Office

Subject of Report:

Interview of (b)(6), (b)(7)(C) DWSD Contract & Grants

Activity Date:

September 23, 2010

Reporting Official and Date:

Carol A. (b)(6), (b)(7) RAC

26-SEP-2010, Signed by: Carol A. (b)(6), RAC

Approving Official and Date:

(b)(6), (b)(7)(C) SAC

28-SEP-2010, Approved by: (b)(6), (b) SAC

SYNOPSIS

09/23/2010 - U.S. EPA CID Special Agent (SA) (b)(6), (b)(7)(C) interviewed (b)(6), (b)(7)(C) Manager I, Detroit Water and Sewerage Department (DWSD), Contracts and Grants regarding several contracts.

DETAILS

On September 23, 2010, U.S. EPA CID Special Agent (SA) (b)(6), (b)(7)(C) interviewed (b)(6), (b)(7)(C) Manager I, Detroit Water and Sewerage Department (DWSD), Contracts and Grants. Also present was (b)(6), (b)(7) Deputy Corporation Counsel, City of Detroit Law Department. (b)(6), (b)(7) was interviewed regarding the evaluation and awarding of several DWSD contracts. (b)(6), (b)(7) was previously interviewed by SA (b)(6), (b)(7) as a part of this investigation. (b)(6), (b)(7) provided the following information:

(b)(6), (b)(7) and SA (b)(6), (b)(7) reviewed a printout from the City of Detroit accounting system known as "DRMS" which (b)(6), (b)(7) had previously provided. This printout documented the transmittal and approval of the DWSD CS 1368 contract and subsequent change orders. (See Attached) (b)(6), (b)(7) explained that the entries are in reverse chronological order so the reader should start at the bottom of the screen and review up to follow the transactions.

(b)(6), (b)(7) provided the positions for the following individuals whose names were documented on the DRMS printout:

(b)(6), (b)(7): Contracts & Grants, DWSD. When (b)(6), (b)(7) name is found on an entry it indicates the start of a new transaction.

(b)(6), (b)(7): Budget Director

(b)(6), (b)(7): Finance

(b)(6), (b)(7)(C): Finance Director

(b)(6), (b)(7): Law Department

(b)(6), (b)(7): Law Department

(b)(6), (b)(7): Chief, Assistant Corporation Counsel, Law Department

(b)(6), (b)(7)(C): Purchasing, may have been acting for Audrey Jackson at the time.

(b)(6), (b)(7)(C): Purchasing, may have been Jackson's secretary

(b)(6), (b)(7)(C): Law Department

(b)(6), (b)(7) added that (b)(6), (b)(7)(C) was the Finance Deputy Director under (b)(6), (b)(7).

(b)(6), (b)(7) explained how contracts seemed to get held up at (b)(6), (b)(7) level and this was not specific to any one contract. It got to the point where the Contracts & Grants staff kept spreadsheets to track

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where the various contracts were in the approvals process and updated these on a monthly basis.

(b)(6), is not familiar with a city employee with the initials QK and opined that if (b)(6), (b)(7)(C) was going to inquire with someone in the city regarding the status of a contract or contract amendment he would have contacted (b)(6), (b)(7)(C), (b)(6), or (b)(6), (b)(7)(C).

SA (b)(6), (b)(7) had (b)(6), review the evaluation sheets for contract CS 1387, of which one set had a handwritten note "Before MD" and another set with had the note "after." (b)(6), does not recall why the notations were made or even that they were. The notes are not in (b)(6), handwriting. (b)(6), thought that (b)(6), (b)(7)(C) was the analyst for this contract but identified the bid evaluation sheet which listed her name as being (b)(6), writing. (b)(6), does recall that (b)(6), (b)(7) was upset over that the contract was cancelled although (b)(6), had previously said that the Department did not need the contract. (b)(6), also recalls (b)(6), (b)(7)(C) being upset over the cancellation of the contract.

(b)(6), has never seen the March 11, 2003 memo written by (b)(6), and addressed to (b)(6), (b)(6), does not know why (b)(6), would write the memo as he had no involvement in the evaluation of the bids. (b)(6), commented that (b)(6), can be quite opinionated and it is not unlike him to step into areas which he has no role.

Regarding the note made by (b)(6), (b)(7) as to the "hold" on the contract (b)(6), opined that it could have been related to (b)(6), (b)(7) comments in the memo that the contract was not needed. (b)(6), was not aware of the work cited in CS 1387 being rolled into another contract. (b)(6), does recall that White Construction was a part of a joint venture which may have received a similar contract at a later date. (b)(6), then said it could have been a generator related contract. (b)(6), explained that (b)(6), would have sent the notifications to the bidders that the contract had been cancelled.

(b)(6), was the manager of the consulting services contract when DWS 849: Ten Outfalls was let. (b)(6), recalled receiving the proposals for this contract and assigning it to an analyst. The analyst is the person responsible for overseeing the evaluation of the proposals. (b)(6), recalled that Lakeshore Engineering was awarded the contract. There were a couple of change orders issued under the contract although (b)(6), does not recall what they were for. (b)(6), explained that it was okay for a prime contractor to switch out sub contractors as long as they notify the DWSD. (b)(6), was not aware that Ferguson Enterprises Inc did not complete any work under the contract.

(b)(6), and (b)(6), explained that the DWSD is having difficulties locating the cost related submittals for contracts DWS 864 and 865, which had previously been requested by SA (b)(6), (b)(7)

ATTACHMENT

CS 1368 DRMS Summary